



Maryland's Small Group Market

Summary of Carrier Experience
for the year ending
December 31, 2005

May 18, 2006

Data from Carrier Surveys

- Number of Lives Covered
- Number of Employer Groups
- Number of Policies
- Premiums Earned
- Claims Incurred
- Loss Ratios

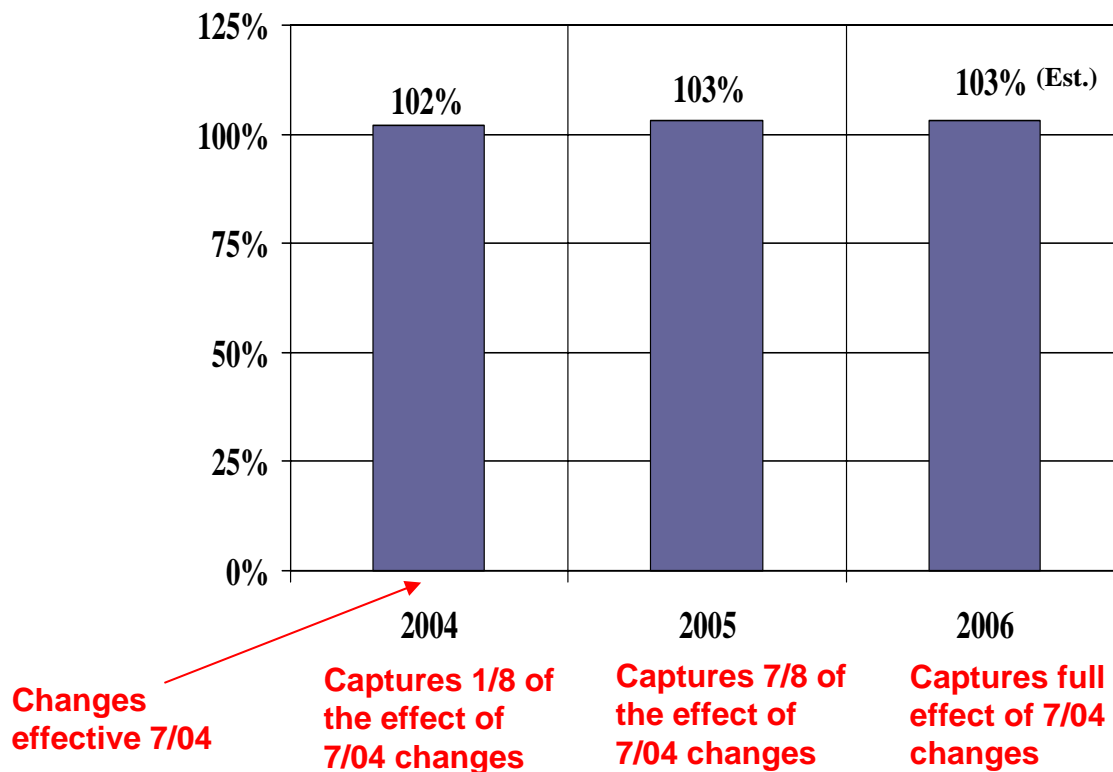
Comprehensive Standard Health Benefit Plan: Basic Provisions

- Guaranteed issue and guaranteed renewal
- No pre-existing condition limitations
- Rates adjusted for age and geography only
- Benefits may be *improved* BUT NOT reduced (positive riders)
- Benefits have floor and ceiling
 - *Floor – equivalent of federally qualified HMO*
 - *Ceiling – average cost cannot exceed 10% percent of average annual wage*

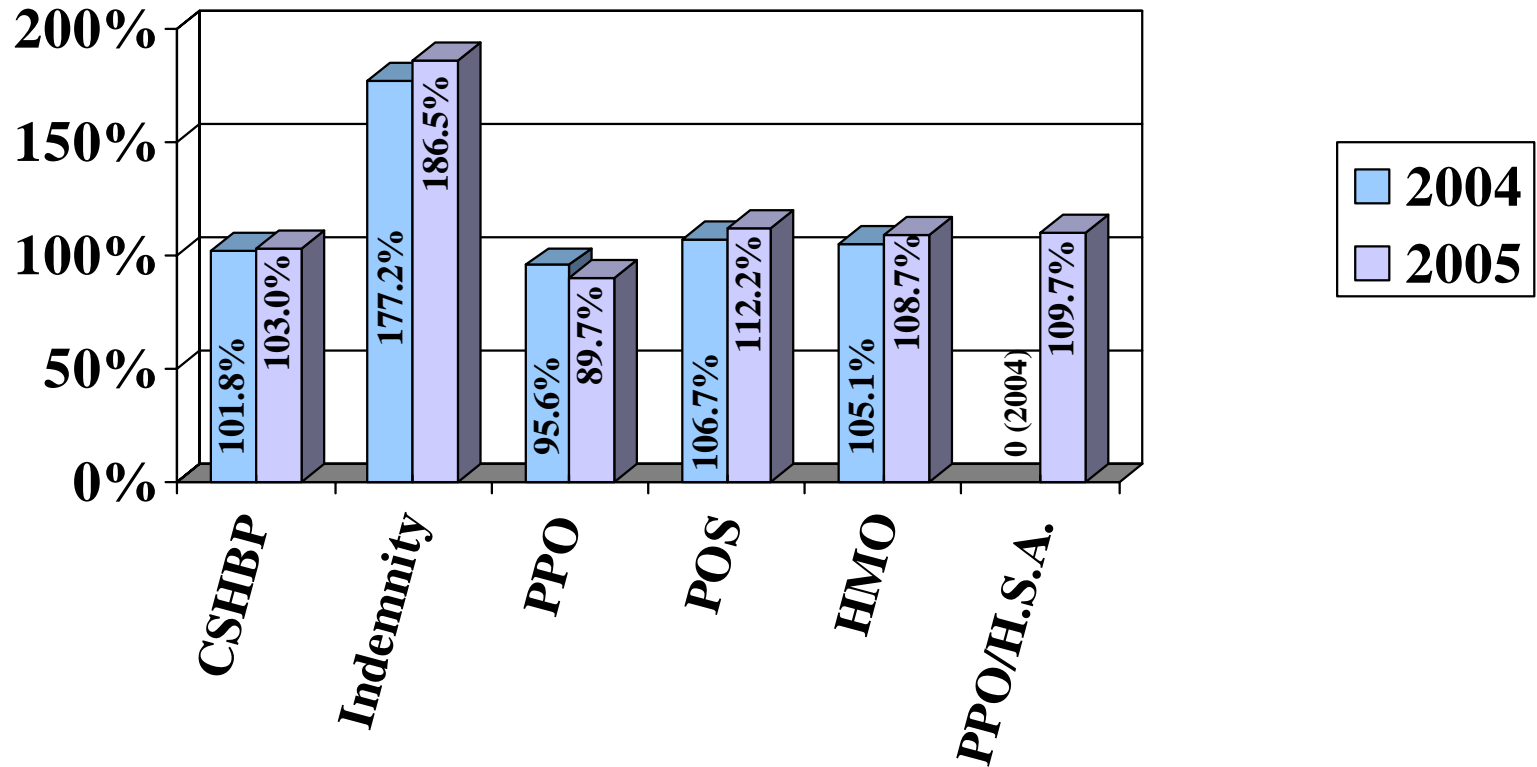
Cost of the CSHBP (without riders) in Relation to Cap 2004 v. 2005

Average Cost/Employee
Avg. Wage

- Avg. Cost/Employee increased approx. 5.5%
(\$4,335 v. \$4,573)
- Avg. Annual Wage increased approx. 4.3%
(\$42,579 v. \$44,392)



Cost of the CSHBP in Relation to Cap by Delivery System without Riders, 2004 v. 2005



Average Premium - 2005

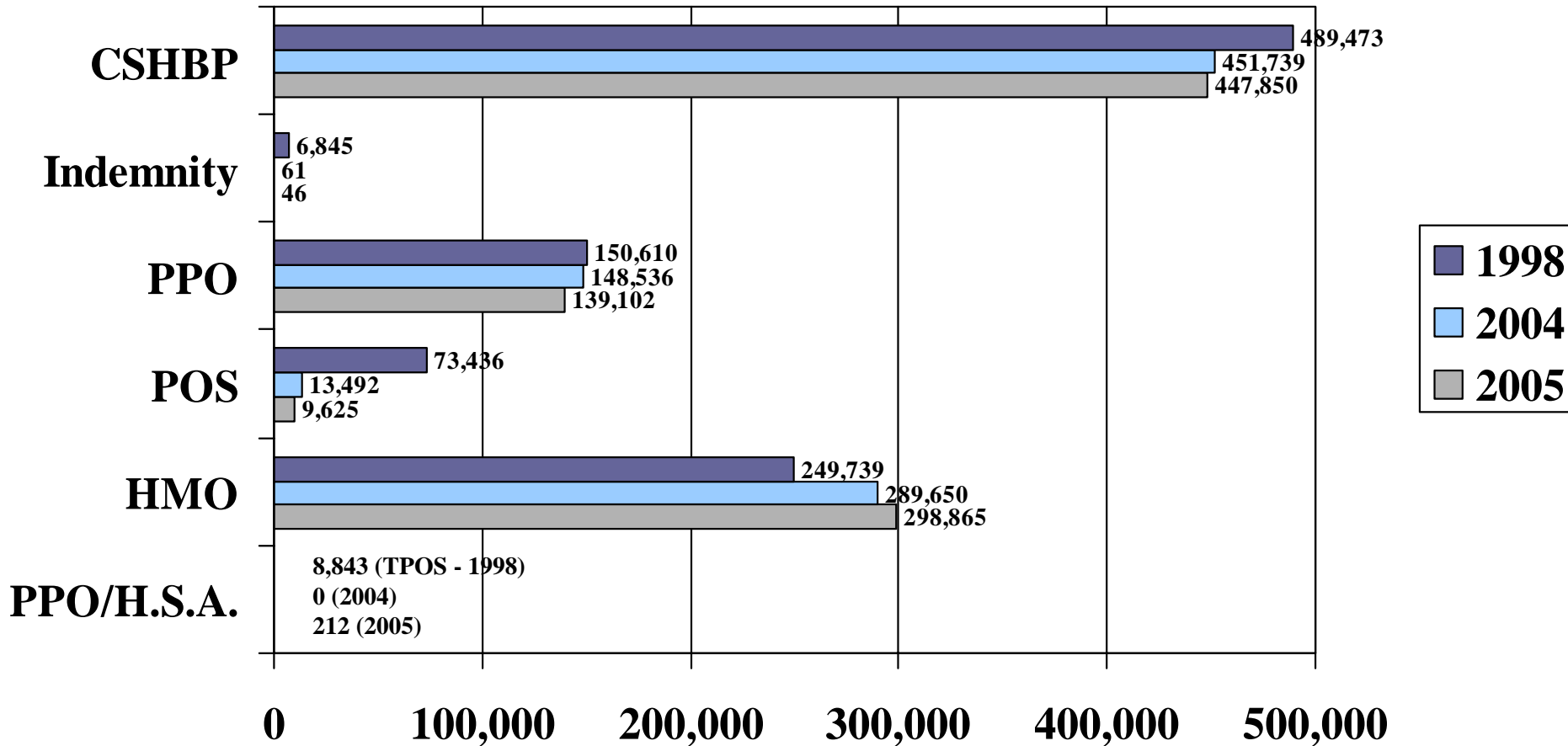
	Employee only	Family	Avg. Cost of Riders
PPO - Core	\$ 2,643	\$ 6,506	43%
PPO - w/riders	\$ 4,663	\$11,479	

	Employee only	Family	Avg. Cost of Riders
HMO - Core	\$3,132	\$8,347	12%
HMO - w/riders	\$3,557	\$9,479	

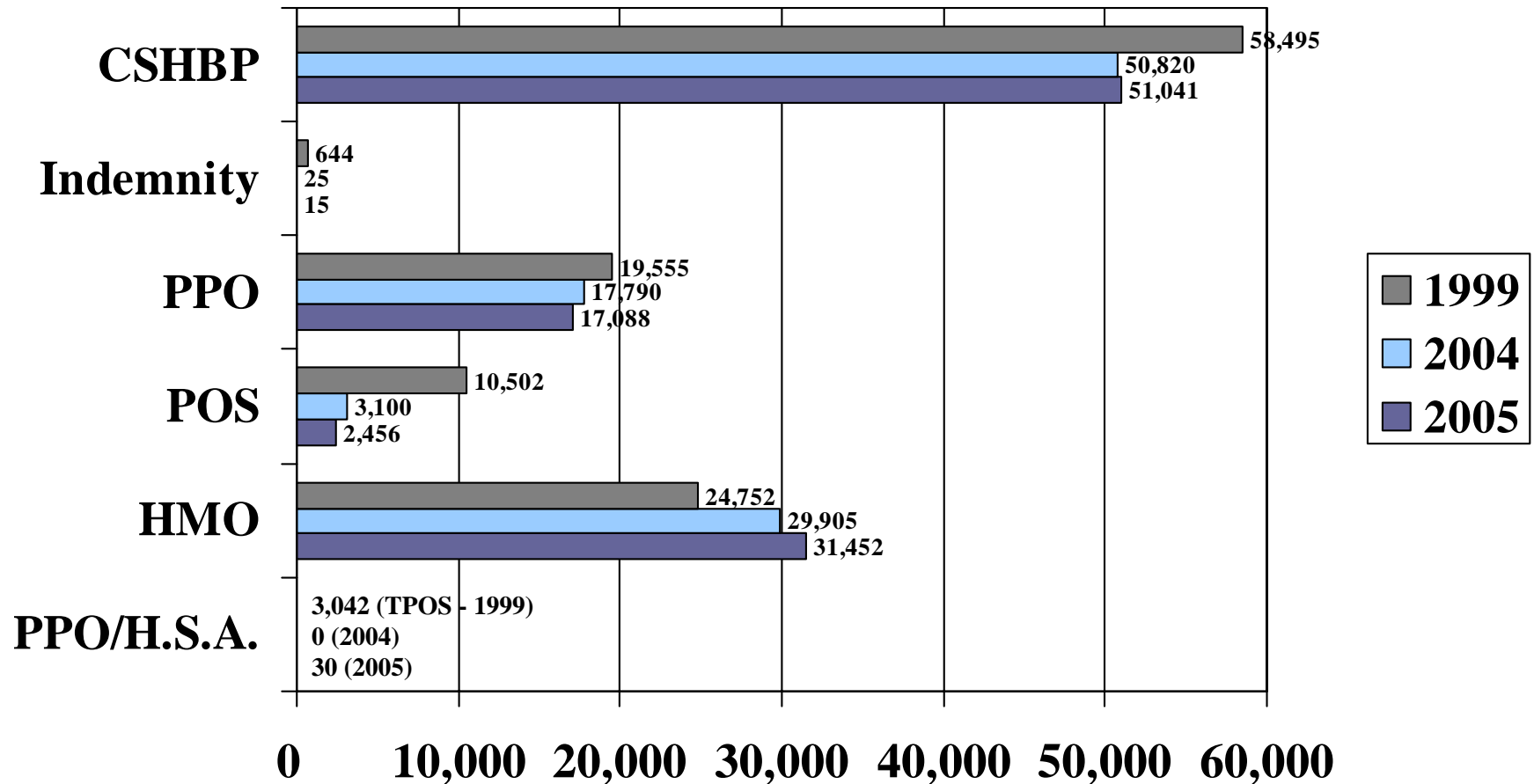
Common PPO riders – buydown of \$2,500/\$5,000 deductible, \$250 Rx deductible, various copayments

Common HMO riders – buydown of \$250 copay per hospital admission, \$250 Rx deductible

CSHBP Covered Lives By Delivery System “Peak Year” v. 2004 v. 2005



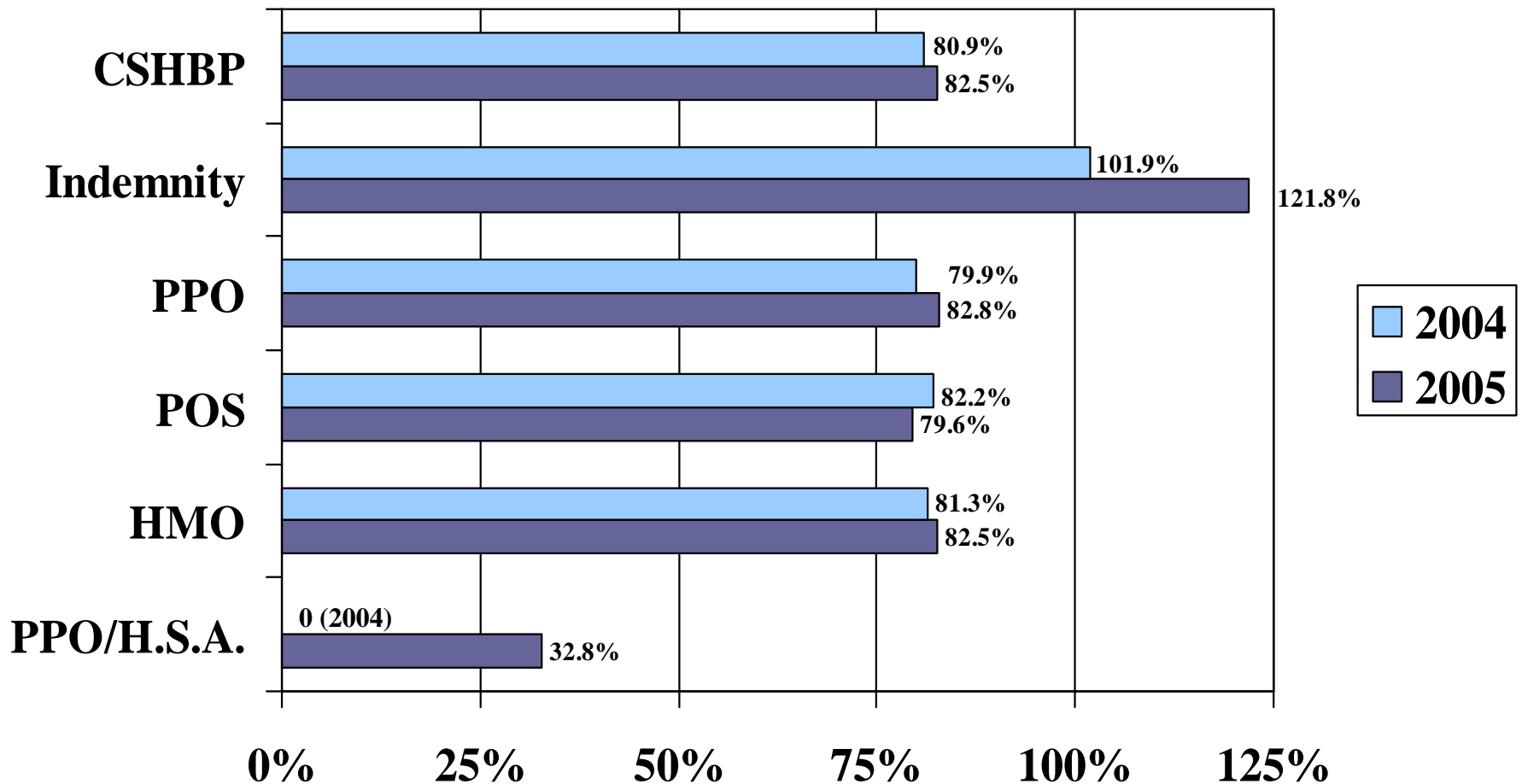
CSHBP Employer Groups By Delivery System “Peak Year” v. 2004 v. 2005



Small Businesses Participating in CSHBP 2004 v. 2005

	DLLR's Estimated Number of Small Businesses	Groups Participating in CSHBP	Percentage Participating in CSHBP
2004	122,433	50,820	42%
2005	126,673	51,041	40%
% Increase	3.4%	0.4%	

Loss Ratio By Delivery System, without Riders, 2004 v. 2005



Number of Carriers by Delivery System With Covered Lives, 2004 - 2005

<i>Delivery System</i>	<i>2004</i>	<i>2005</i>
Indemnity	4	4
PPO	6	6
POS	1	1
HMO	6	6
PPO/HSA	0	2
<i>Total # of Carriers*</i>	9	9

*Total number of carriers is less than the sum in each year across all delivery systems because some carriers are in multiple delivery systems.

Carrier Percentage of Business

2004 v. 2005

% of Total Business	Number of Carriers	
	2004	2005
Over 70%	0	0
60% - 69%	1	1
50% - 59%	0	0
40% - 49%	0	0
30% - 39%	1	0
20% - 29%	0	1
10% - 19%	0	0
Less than 10%	7	7
Total	9	9

Market Concentration

Top Two Carriers

Year	Market Share
2000	70%
2001	80%
2002	88%
2003	92%
2004	94%
2005	92%